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## FISCAL IMPACT REPORT

SPONSOR: Hobbs DATE TYPED: 1/29/03 HB 15  
 SHORT TITLE: In-Plant Training SB \_\_\_\_\_  
 ANALYST: Collard

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$20,000.0			See Narrative	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
\$20,000.0		See Narrative	Recurring	Development Training Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to House Bill 8  
 Relates to Appropriation in the General Appropriation Act

### SOURCES OF INFORMATION

Economic Development Department

### SUMMARY

#### Synopsis of House Bill 15

House Bill 15 appropriates \$20 million from the general fund to the development training fund for the Economic Development Department to provide classroom and in-plant training for certain new or expanding industries and businesses in the state. The bill has an emergency clause.

### FISCAL IMPLICATIONS

The appropriation of \$20,000.0 contained in this bill is a recurring expense to the general fund since the legislature considers requests for funding this program each year. The funds are appropriated to the development training fund. Any unexpended or unencumbered balance remaining at the end of FY03 shall not revert to the general fund.

The industrial development fund currently has a balance of \$15,159.3 and \$10,000.3 of this total is unencumbered. This balance is from the following sources: FY03 appropriated funding, company reversions, due to the recent downturn in the economy, and Temporary Assistance for Needy Families funds.

### **ADMINISTRATIVE IMPLICATIONS**

The Economic Development Department indicates there is not an appropriation for administration of the program and there has not been an appropriation since 1999, when it received \$160.0. The agency indicates that those funds will be depleted by the end of FY03.

### **RELATIONSHIP**

This bill relates to House Bill 8 which appropriates \$15 million to the In-Plant training program.

### **OTHER SUBSTANTIVE ISSUES**

The Economic Development Department indicates the consequences of not enacting this bill would result in the loss of New Mexico's most significant incentive tool, which is used to create jobs. The department states, without these new jobs, the state will lose large amounts of new payroll dollars to be circulated in the economy, taxable spending dollars, gross receipts tax revenue, property tax revenue, lodger's tax revenue and New Mexico personal income tax revenue. The revenue can significantly upgrade school districts and infrastructure in communities where jobs are created with training reimbursement. The In-Plant Training program funds full-time-equivalents (FTE) and does not fund part-time or temporary employees.

There have been discussions regarding the kinds of companies that are funded through this program, especially in the low-wage telemarketing arena. For example, Stream International has been awarded four contracts since its opening in 2000. The company has been awarded \$4,544.0 in training funds and they have expended \$2,391.1. Including Stream International's current allotment to train 200 employees, the in-plant training program has funded training for approximately 653 FTE\*. Stream International housed 626 FTE as of November 2002. In-Plant funding has trained approximately 27 more FTE than the company employs. The Economic Development Department indicates the high turnover rate is due to Stream International's strict attendance policy and the company's turnover rate is not higher than the call center industry average.

### **POSSIBLE QUESTIONS**

1. Would companies that were funded have come to New Mexico without this incentive ?
2. What can be done about high turnover rates ?

\*This number is based on pro-rated figures.